#### January 12, 2004

#### Notice of correction to 2003 Form ND-1, line 12: National Guard/Reserve member exclusion for federal active duty

There is an error on the 2003 Form ND-1. The error is on line 12 of page 1 which pertains to the new compensation exclusion allowed to National Guard and U.S. armed forces reserve members who were called to federal active duty. The wording on line 12 states that the exclusion is for federal active duty service performed *outside North Dakota*. This is incorrect. The exclusion is allowed for federal active duty service regardless of where the service was performed.

The following shows where the error appears and the correction to it:

Error on line 12 of 2003 Form ND-1: On the face of the 2003 Form ND-1, line 12 reads as follows:

**Correction:** Line 12 of the 2003 Form ND-1 should read as follows:

Note: The instruction for line 12 contained in the 2003 Form ND-1 instruction booklet was also changed to remove similar language limiting the exclusion to federal active duty service performed outside North Dakota.

#### Questions may be directed to:

Individual Income Tax Section
Office of State Tax Commissioner
600 East Boulevard Avenue, Dept. 127
Bismarck, ND 58505-0599

Phone: 701-328-1032 Fax: 701-328-1942

E-mail: individualtax@state.nd.us

# Notice to nonresident U.S. armed forces members: Change to 2003 Form ND-1

#### **Purpose of notice**

On December 19, 2003, President Bush signed into law the Servicemembers Civil Relief Act (H.R. 100; Public Law No. 108-189). This federal legislation updated and expanded what has been known as the Soldiers' and Sailors' Civil Relief Act of 1940.

One of the new provisions in the Act provides that a state may not use the active duty military compensation of a nonresident servicemember to calculate the tax on other income of the nonresident servicemember or the servicemember's nonresident spouse that is sourced in the state if it causes an increase in the tax. For North Dakota individual income tax purposes, this provision in the Act affects the calculation of the tax on North Dakota Form ND-1 (Main Method). *Note: The Act does not affect the calculation of the tax on Form ND-2, the Optional Method*.

#### Adjustment to 2003 Form ND-1

Because the 2003 North Dakota Form ND-1 was already finalized and printed before the federal legislation was passed and signed into law, it does not take into account the change in the Act for nonresident servicemembers or their nonresident spouses. For purposes of completing the 2003 Form ND-1 only, the following special instructions apply:

- Write "Servicemembers Civil Relief Act" at the top of the 2003 Form ND-1.
- Enter active duty military compensation on line 5 of the 2003 Form ND-1 and write "nonresident military pay" on the dashed line to the left of the amount.

**Note:** This line is normally reserved for interest from U.S. obligations. Therefore, if the individual also has interest from U.S. obligations, add the active duty military compensation to the interest from U.S. obligations and enter the total on line 5.

• If Schedule SF (Schedule for joint filers with different states of residence) is required to be completed, also enter the active duty military compensation on Schedule SF, Part 2, line 5, Column C.

#### Have questions or need assistance?

If you have any questions about this notice or need assistance with preparing your 2003 North Dakota individual income tax return, contact the Individual Income Tax Section, North Dakota Office of State Tax Commissioner in any of the following ways:

E-mail us at individualtax@state.nd.us.
Call (701) 328-1032. If speech or hearing impaired, call 1-800-366-6888 (Relay North Dakota) and ask for 701-328-1032.

Write to Individual Income Tax Section, Office of State Tax Commissioner, 600 East Boulevard Avenue, Dept. 127, Bismarck, ND 58505-0599.

### North Dakota Office of State Tax Commissioner



Yes

No

(CF)

## Individual income tax return

Please type or print in black or blue ink. Enter one letter or number in each box. Fill in circles completely.

Your Social Security Number Spouse's Social Security Number Fill in only if applicable: Amended (See page 9) Extension ► Fiscal year filer ONLY: (See page 9) Fiscal year begin date Month Dav Year Fiscal year end date A. Filing status used 1. Single 4. Head of household Month Day Year on federal return: 2. Married filing jointly 5. Qualifying widow(er) with (Fill in only one) dependent child 3. Married filing separately Were you required to pay Spouse's name estimated federal income tax for 2003? (See page 9) **D.** Income source code 1. Full-year resident C. School district code **B.** Residency status: (See page 17) (See page 9) (Fill in only one) 2. Full-year nonresident Dept. use only: Composite return 3. Part-year resident **US Dollars** -**E. Federal adjusted gross income** from line 34 of Form 1040, line 21 of Form 1040A. line 4 of Form 1040EZ, or line I of TeleFile Tax Record (sx) E 1. Federal taxable income from line 40 of Form 1040, line 27 of Form 1040A, line 6 of Form 1040EZ, or line K of TeleFile Tax Record (If zero, see page 9 of instructions) \_\_\_\_\_ (SS) 1 **Additions** 

# 2. Lump-sum distribution from Federal Form 4972 \_\_\_\_\_(NA) 2 **3.** Loss from pass-through entity subject to North Dakota's financial institution tax (Attach statement from entity) \_ \_ \_ \_ (NB) 3 **4.** Add lines 1, 2 and 3

Subtractions	
<b>5.</b> Interest from U.S. obligations (Attach supporting statement)	(SN) 5
<b>6.</b> Net long-term capital gain exclusion (From worksheet on page 10 of instructions)	(NC) 6
<b>7.</b> Exempt income of a Native American	(S4) 7
<b>8.</b> Benefits received from U.S. Railroad Retiremen (Attach copy of Form RRB-1099/RRB-1099-R, or	
<b>9.</b> Income from pass-through entity subject to Nort financial institution tax ( <i>Attach statement from e</i>	
<b>10.</b> Renaissance zone income exemption (Attach Schedule RZ)	(S7) 10
11. New or expanding business income exemption _	(NH) 11
<b>12.</b> National Guard/Reserve member exclusion for federal active duty outside North Dakota	(NI) 12
<b>13.</b> Total subtractions. Add lines 5 through 12	

If you have farm income, see page 11 of instructions.

Schedule ND-1NR, line 22.

If part-year resident or full-year nonresident, enter amount from

(SB) 15

North Dakota	Office	of State	Tax	Commissione

### 2003 Form ND-1, page 2

US Dollars	

<ul> <li>31. Refund. Subtract lines 28 through 30 from line 2 To direct deposit your refund, complete items a, b, and c. (See page 12.)</li> <li>b. Account number:</li> <li>32. Tax due - If line 26 is LESS than line 23, subtract If result is less than \$5.00, enter 0</li> <li>33. Amount that you wish to contribute to the Watchab Wildlife Fund (but only if there is a tax due on line) 34. Amount that you wish to contribute to the Trees For Program Trust Fund (but only if there is a tax due on) 35. Balance due. Add lines 32, 33, 34, and, if applice</li> </ul>	t line 26 from line 23 de le 32) (su) 33 r ND n line 32) (SY) 34	and enter result.	<b>c.</b> Type of account:  Checking  Savings
To direct deposit your refund, complete items a, b, and c. (See page 12.)  b. Account number:  Tax Due  32. Tax due - If line 26 is LESS than line 23, subtract If result is less than \$5.00, enter 0  33. Amount that you wish to contribute to the Watchab Wildlife Fund (but only if there is a tax due on line)  34. Amount that you wish to contribute to the Trees Fo	t line 26 from line 23 to the control of the contro	and enter result.	<b>c.</b> Type of account:  Checking  Savings
To direct deposit your refund, complete items a, b, and c. (See page 12.)  b. Account number:  Tax Due  32. Tax due - If line 26 is LESS than line 23, subtract If result is less than \$5.00, enter 0  33. Amount that you wish to contribute to the Watchab	t line 26 from line 23 t	and enter result.	<b>c.</b> Type of account:  Checking  Savings
To direct deposit your refund, complete items a, b, and c. (See page 12.)  b. Account number:  Tax Due  32. Tax due - If line 26 is LESS than line 23, subtract If result is less than \$5.00, enter 0	t line 26 from line 23	and enter result.	<b>c.</b> Type of account:  Checking  Savings
To direct deposit your refund, complete items a, b, and c. (See page 12.)  b. Account number:  Tax Due	<u>:</u>		<b>c.</b> Type of account: Checking
To <b>direct deposit</b> your refund, complete items a, b, and c. ( <i>See page 12</i> .) <b>a.</b> Routing number: <b>b.</b> Account number:		than \$5.00, enter 0	<b>c.</b> Type of account: Checking
To <b>direct deposit</b> your refund, complete items a, b, <b>a.</b> Routing number:		than \$5.00, enter 0	<b>c.</b> Type of account:
_	7. <b>If result is less</b>	than \$5.00, enter 0	
For ND Program Trust Fund	(SW) 30	•	
<b>30.</b> Amount of line 27 that you wish to contribute to the	e Trees		
<b>29.</b> Amount of line 27 that you wish to contribute to the Wildlife Fund		)	
estimated tax		1	
otherwise, go to line 32. <i>If result is less than</i> <b>28.</b> Amount of line 27 that you want applied to your 20			(SG) 27
<b>27. Overpayment</b> - If line 26 is MORE than line 23,			
<b>26.</b> Total payments. Add lines 24 and 25 • If line 26 is <b>Refund</b>	s LESS than line 23, o	complete lines 32 through	35. <b>26</b>
■ If line 26;	MODE than line 22	complete lines 27 through	gh 31.
<b>25.</b> Estimated tax paid (including extension payment or Form 400-EXT) plus overpayment applied from 20		<b>.</b>	
<b>24.</b> North Dakota withholding (Attach supporting W-2s	and 1099s) (SF) 24	ı	
Withholding and/or tax already paid		-,	•
<b>23. Net tax liability.</b> Subtract lines 17 through 22 f	rom line 16. <i>If less</i>	than zero. enter 0	(SE) 23
<b>22.</b> Qualified business seed capital investment credit (Attach investment reporting form)	(NG) 22	2	
(From worksheet on page 11 of instructions)		L	
(Attach investment reporting form) <b>21.</b> Credit for unused federal credit for prior year minin		,	
<b>20.</b> Agricultural commodity processing facility investm			
<b>19.</b> Renaissance zone credit (Attach Schedule RZ)	(S3) 19	)	
<b>18.</b> Family member care credit ( <i>Attach Schedule FC</i> )	(S2) 18	3	
	(SD) 17	,	
(Attach Schedule ND-1CR)			
Credits  17. Credit for income tax paid to another state  (Attach Schedule ND-ICR)			